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MELVILLE SHOE CORPORATION

Annual Report

1933

Operating

JOHN WARD MEN'S SHOES

RIVAL SHOE STORES

THOM MCAN

OFFICERS

FRANK MELVILLE, JR.
Chairman of the Board

WARD MELVILLE
President

WILLIAM FITCH ALLEN
Vice-President

ELBERT R. ALLEN
Treasurer

JOEL E. FISHER
Secretary

CYRIL J. RICHARDS
Assistant Treasurer

DIRECTORS

WILLIAM FITCH ALLEN
Clarke & Allen

FREDERICK S. LITTLE
Chairman, R. C. Rathbone & Son, Inc.

J. FRANKLIN MCELWAIN
President, J. F. McElwain Co.

FRANK MELVILLE, JR.
New York

WARD MELVILLE
New York

JOSEPH L. MERRILL
E. A. Pierce & Co.

HARRY ELIOT ROBINSON
E. C. Benedict & Co.

To Our Stockholders:

The annual report of Melville Shoe Corporation for the year ending December 31, 1933, is herewith submitted for your consideration.

You will note that the Company's net income for the year amounted to $1,355,516.55 as against $721,643.61 in 1932. This represents earnings of $3.22 per share, after preferred dividends paid, on the 371,461 shares of common stock outstanding, as compared with earnings of $1.50 per share in 1932.

The total current assets of the Corporation on December 31 were $6,536,408.72 as against total current liabilities of $1,586,060.13, a ratio of 4.1 to 1. On the same date cash on hand and in banks amounted to $3,140,275.57, which was approximately enough to cover all current liabilities twice over.

Dollar sales for the year amounted to $21,112,783.33 as against $20,594,311.71 in 1932, an increase of 2.5%. Unit sales for the same period were 6,369,254 pairs of shoes, as compared with 5,731,535 pairs in 1932, an increase of 10.75%.

An outstanding feature of our operation in 1933 was the immediate change in our sales figures which followed the end of the bank holiday. We had previously met the changed economic conditions by bringing the prices of our shoes strictly in line with the current purchasing ability of our customers, and we succeeded in keeping them there through efficiencies and savings based on the abandonment of non-essential expenditures in all parts of the business. Our factory connections made it possible for us to continue retailing Thom McAn men's shoes at $3 a pair up to December 1, 1933. When we finally advanced the price of these shoes 10% on that date, there was only a small drop in unit sales.

Careful handling of our expenditure budget plus co-operation on the part of the store personnel contributed

to the satisfactory showing for the year, explaining the fact that the Company's earnings were approximately double those for 1932, although sales for the twelve months were only 2.5% greater. I might add that these ends were secured in spite of the compulsory increase in costs due to the Company's operation under the Code of Fair Competition for the Retail Trade, which compelled us to make a substantial increase in the number of the sales force.

In order to lessen its liability upon its guaranty, given in 1927, of the lease of the Broadway Block Building the Company has caused the organization of Broadway & Fifty-Second Street Corporation, a wholly owned subsidiary, which has purchased the mortgage on that lease. The foreclosure of this mortgage, which is now proceeding, will give Broadway & Fifty-Second Street Corporation an opportunity to acquire the lease and thus be in a position to realize such income as the property may produce.

The two items, notes payable, $150,000 each, one of which appears under Current Liabilities and the other under Liabilities due subsequent to December 31, 1934, represent obligations incurred in connection with the purchase of the above mentioned mortgage.

The end of the year 1933 found your Corporation operating 12 John Ward, 22 Rival and 501 Thom McAn stores in 246 cities and 35 states, a net gain of 36 stores over the number in operation as of December 31, 1932. We expect to add new Thom McAn stores at the rate of one a week during 1934.

The Board of Directors has asked me to convey its appreciation to those employees whose fine zeal and loyalty helped to make this satisfactory showing possible.

Respectfully submitted,

Ward Melville

President.

February 20, 1934.

ACCOUNTANTS' REPORT

To the Board of Directors,
MELVILLE SHOE CORPORATION,
WORCESTER, MASS.

We have made an examination of the Consolidated Balance Sheet of Melville Shoe Corporation and its Subsidiary Companies—R-W Realty Company, Inc., Melville Realty Company and Broadway & Fifty-Second Street Corporation—as at December 31, 1933, and of the Consolidated Statements of Profit and Loss and Earned Surplus for the year 1933. In connection therewith, we examined or tested the accounting records of the Companies and other supporting evidence, and obtained information and explanations from officials and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Profit and Loss and Earned Surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the year under review, their consolidated position at December 31, 1933, and the results of their operations for the year.

PEAT, MARWICK, MITCHELL & CO.

WORCESTER, MASS.
February 13, 1934

MELVILLE SHOE CORPORATION

CONSOLIDATED

As at Decem

ASSETS

Current Assets:		
Cash in Banks and on Hand		$3,140,275.57
Accounts and Notes Receivable, less Reserve		29,161.97
Inventories, at cost or market, whichever is lower		3,366,971.18
Total Current Assets		6,536,408.72
Cash in Closed Banks and on Restricted Deposits, less Reserve of $70,000.00		63,271.93
Accounts of Officers and Employees (of which $16,346.38 is fully secured)		18,013.03
Prepaid Insurance, Taxes, Rents and Supplies		117,728.69
Investments:		
Cash Surrender Value of Life Insurance Policies	$150,361.65	
Stock of Other Companies, at cost	35,746.70	
Mortgage on Leasehold Property, at cost	400,000.00	
		586,108.35
Fixed Assets at estimated replacement values at December 31, 1931 as determined by the Corporation, plus subsequent additions at cost:		
Land and Buildings, Worcester	667,330.99	
Store and Office Fixtures, Improvements to Leased Store Properties, and Miscellaneous Equipment	3,090,788.74	
	3,758,119.73	
Less Reserve for Depreciation	1,970,073.97	
		1,788,045.76
Deferred Charges		36,013.68
Common Stock in Treasury, 900 shares at cost (held for resale to employee at agreed price of $7,312.50)		9,862.50
Total		$9,155,452.66

AND SUBSIDIARY COMPANIES

BALANCE SHEET

ber 31, 1933

LIABILITIES

Current Liabilities:		
Notes Payable, Bank		$150,000.00
Accounts Payable		1,193,641.81
Accrued Liabilities		96,418.32
Provision for Federal Income Tax		146,000.00
Total Current Liabilities		1,586,060.13
Note Payable, Bank, due subsequent to December 31, 1934		150,000.00
Accounts of Officers and Employees		9,704.29
Store Managers' Security Deposits and Deposits on Sub-leases		116,160.18
Reserves for Self-insurance, Store Front Replacements, etc.		129,130.14
Capital Stock:		
First Preferred 6% Cumulative:		
Authorized 50,000 shares, $100.00 par value, Issued 25,000 shares	$2,500,000.00	
Deduct 3,757 shares retired	375,700.00	
	2,124,300.00	
Less 1,595 shares held in Treasury	159,500.00	
	1,964,800.00	
Second Preferred 6% Cumulative:		
Authorized and Issued 100,000 shares, $5.00 par value	$500,000.00	
Deduct 8 shares retired	40.00	
	499,960.00	
Common, no par value:		
Authorized 500,000 shares, Issued 371,461 shares—declared value $1.25 per share	464,326.25	
		2,929,086.25
Surplus:		
Paid-in	1,110,881.55	
Earned	3,124,430.12	
		4,235,311.67
Contingent Liabilities—None Reported.		
Total		$9,155,452.66

MELVILLE SHOE CORPORATION AND SUBSIDIARY COMPANIES

Consolidated Profit and Loss Account

For the Year Ended December 31, 1933

Sales		$21,112,783.33
Cost of Sales		13,008,376.94
Gross Profit		8,104,406.39
Store Operating and General and Administrative Expenses	$5,927,317.97	
Depreciation	330,648.51	6,257,966.48
Net Operating Profit of Stores		1,846,439.91
Net Loss on Real Estate Operations		181,250.54
Net Operating Profit		1,665,189.37
Interest Paid	5,577.09	
Miscellaneous Charges	189,996.82	
	195,573.91	
Less Miscellaneous Income	31,901.09	163,672.82
Net Income, before Federal Income Tax		1,501,516.55
Provision for Federal Income Tax		146,000.00
Net Income (before deducting bonuses and commissions paid for lease cancellations and rent reductions charged to Earned Surplus, $151,029.08)		$1,355,516.55
Earned on Amount of Common Shares Outstanding at End of Period After Deducting Preferred Dividends Paid		$3.22

Consolidated Earned Surplus Account

As at December 31, 1933

Balance as at December 31, 1932		$2,494,611.80
Add:		
Net Income for the Year ended December 31, 1933	$1,355,516.55	
Less Bonuses and Commissions Paid for Lease Cancellations and Rent Reductions	151,029.08	
	1,204,487.47	
Discount on First Preferred 6% Cumulative Stock purchased for retirement	27,524.15	1,232,011.62
		3,726,623.42
Deduct Dividends Paid:		
On First Preferred Stock, 6%	127,522.50	
On Second Preferred Stock, 6%	29,997.60	
On Common Stock, $1.20 per share	444,673.20	602,193.30
Balance as at December 31, 1933		$3,124,430.12

This report is published solely for the information of stockholders of the Corporation and is not intended for use in connection with any sale or purchase of stock

LIST OF STORES
MELVILLE SHOE CORPORATION
As at December 31, 1933

JOHN WARD—12 STORES

New York	9
Brooklyn	1
Newark	1
Philadelphia	1

RIVAL—22 STORES

New York	12
Brooklyn	5
Astoria	1
Philadelphia	3
Newark	1

THOM McAN—501 STORES

Alabama (5)	
Birmingham	2
Ensley	1
Gadsden	1
Mobile	1
Arkansas (1)	
Little Rock	1
Colorado (2)	
Denver	2
Connecticut (21)	
Bridgeport	2
Danbury	1
Derby	1
Hartford	3
Meriden	1
New Britain	1
New Haven	4
New London	1
Norwich	1
South Manchester	1
South Norwalk	1
Stamford	1
Waterbury	3
Delaware (2)	
Wilmington	2
District of Columbia (4)	
Washington	4
Florida (8)	
Jacksonville	2
Lakeland	1
Miami	1
Pensacola	1
Tampa	2
West Palm Beach	1
Georgia (5)	
Atlanta	2
Augusta	1
Macon	1
Savannah	1
Illinois (23)	
Chicago	15
Danville	1
East St. Louis	1
Jacksonville	1
Kankakee	1
Peoria	1
Quincy	1
Rock Island	1
Springfield	1
Indiana (13)	
Anderson	1
Evansville	1
Fort Wayne	1
Gary	1
Indianapolis	3
Lafayette	1
Marion	1
Muncie	1
Richmond	1
South Bend	1
Terre Haute	1
Iowa (4)	
Council Bluffs	1
Davenport	1
Des Moines	1
Dubuque	1

KENTUCKY (5)
- Covington . . . 1
- Lexington . . . 1
- Louisville . . . 2
- Newport . . . 1

LOUISIANA (6)
- Baton Rouge . . . 1
- New Orleans . . . 4
- Shreveport . . . 1

MAINE (3)
- Augusta . . . 1
- Portland . . . 2

MARYLAND (10)
- Baltimore . . . 8
- Cumberland . . . 1
- Hagerstown . . . 1

MASSACHUSETTS (54)
- Allston . . . 1
- Arlington . . . 1
- Boston . . . 7
- Brockton . . . 1
- Cambridge . . . 1
- Chelsea . . . 1
- Dorchester . . . 3
- East Boston . . . 1
- Everett . . . 1
- Fall River . . . 2
- Fitchburg . . . 1
- Framingham . . . 1
- Gloucester . . . 1
- Greenfield . . . 1
- Haverhill . . . 1
- Holyoke . . . 1
- Hyde Park . . . 1
- Lawrence . . . 2
- Lowell . . . 1
- Lynn . . . 2
- Malden . . . 1
- Medford . . . 1
- New Bedford . . . 3
- North Attleboro . . . 1
- Norwood . . . 1
- Pittsfield . . . 1
- Quincy . . . 1
- Roxbury . . . 1
- Salem . . . 1
- Somerville . . . 2
- South Boston . . . 1
- Springfield . . . 2
- Taunton . . . 1
- Wakefield . . . 1
- Waltham . . . 1
- Westfield . . . 1
- Woburn . . . 1
- Worcester . . . 2

MICHIGAN (19)
- Ann Arbor . . . 1
- Battle Creek . . . 1
- Detroit . . . 6
- Flint . . . 1
- Grand Rapids . . . 1
- Hamtramck . . . 1
- Highland Park . . . 1
- Jackson . . . 1
- Kalamazoo . . . 1
- Lansing . . . 1
- Muskegon . . . 1
- Pontiac . . . 1
- Port Huron . . . 1
- Saginaw . . . 1

MINNESOTA (6)
- Duluth . . . 1
- Minneapolis . . . 3
- St. Paul . . . 2

MISSISSIPPI (3)
- Greenville . . . 1
- Jackson . . . 1
- Vicksburg . . . 1

MISSOURI (8)
- Kansas City . . . 2
- St. Joseph . . . 1
- St. Louis . . . 5

NEBRASKA (3)
- Lincoln . . . 1
- Omaha . . . 2

NEW HAMPSHIRE (2)
- Manchester . . . 1
- Portsmouth . . . 1

NEW JERSEY (28)
- Asbury Park . . . 1
- Atlantic City . . . 1
- Bayonne . . . 1
- Bloomfield . . . 1
- Camden . . . 2

Elizabeth 1
Hackensack 1
Harrison 1
Hoboken 1
Jersey City 6
Long Branch 1
Newark 3
New Brunswick 1
Passaic 1
Paterson 2
Plainfield 1
Trenton 1
Union City 1
West New York 1

NEW YORK (136)

Albany 3
Amsterdam 1
Auburn 1
Bay Shore 1
Binghamton 1
Buffalo 5
Elmira 1
Glens Falls 1
Hempstead 1
Huntington 1
Kenmore 1
Lockport 1
Mount Vernon 1
Newburgh 1
New Rochelle 1
New York (Manhattan and Bronx) 46
(Brooklyn and Queens) . 51
(Richmond) 1
Niagara Falls 1
Olean 1
Peekskill 1
Poughkeepsie 1
Port Chester 1
Rochester 3
Schenectady 2
Syracuse 2
Utica 2
Yonkers 2
White Plains 1

NORTH CAROLINA (6)

Asheville 1
Charlotte 1
Greensboro 1
Raleigh 1
Wilmington 1
Winston Salem 1

OHIO (29)

Akron 2
Canton 1
Cincinnati 5
Cleveland 6
Columbus 2
Dayton 3
Hamilton 1
Lima 1
Lorain 1
Norwood 1
Portsmouth 1
Springfield 1
Steubenville 1
Toledo 2
Youngstown 1

OKLAHOMA (2)

Oklahoma City 1
Tulsa 1

PENNSYLVANIA (46)

Philadelphia 22
Ardmore 1
Allentown 1
Beaver Falls 1
Braddock 1
Chester 1
Erie 2
Greensburg 1
Harrisburg 1
Homestead 1
Lancaster 1
New Castle 1
Pittsburgh 5
Pottsville 1
Reading 1
Scranton 1
Wilkes-Barre 1
Williamsport 1
Wilkinsburg 1
York 1

RHODE ISLAND (10)

Newport 1
Pawtucket 2
Providence 6
Woonsocket 1

SOUTH CAROLINA (3)

Charleston	1
Columbia	1
Greenville	1

TENNESSEE (6)

Chattanooga	1
Johnson City	1
Knoxville	1
Memphis	2
Nashville	1

TEXAS (12)

Abilene	1
Amarillo	1
Dallas	2
Fort Worth	2
Galveston	1
Houston	2
San Antonio	2
Wichita Falls	1

VERMONT (1)

Burlington	1

VIRGINIA (6)

Newport News	1
Norfolk	2
Portsmouth	1
Richmond	1
Roanoke	1

WEST VIRGINIA (4)

Charleston	1
Clarksburg	1
Huntington	1
Wheeling	1

WISCONSIN (5)

Eau Claire	1
Milwaukee	3
Kenosha	1